

# A Storm Over Billy Carter

**H**e was still irreverent, still outspoken and still as unpredictable as ever. But Billy Carter was no longer a laughing matter. By last week, he had become the center of a political hurricane that threatened his brother's already precarious White House perch. The unfolding story of Billy's financial ties to the pro-terrorist government of Libya's Muammar Kaddafi, and the extent to which he took advantage of his position as First Brother, produced a torrent of critical headlines, a whirlwind of cloak-room rumors, the prospect of a no-holds-barred Senate investigation—and fresh talk that Jimmy Carter's renomination at next month's Democratic convention might be in jeopardy.

The storm was touched off by Billy's grudging admission a fortnight ago that he had accepted \$220,000 in what he described as "loans" from the Libyans after waging a controversial goodwill campaign on their behalf—and by his belated registration, under threat of legal action, as an agent of a foreign government. For days, the White House insisted that Billy's Libyan connection was his own private affair and that neither the President nor his men had any idea of the extent or nature of his involvement with the Libyans. But last week Carter's men belatedly admitted that, coincidentally or not, Billy started receiving Libyan largesse after First Lady Rosalynn Carter and national-security adviser Zbigniew Brzezinski personally asked him to line up Libya's assistance to free the American hostages in Iran. It also turned out that White House counsel Lloyd Cutler and the President himself had involved themselves at least peripherally in Billy's wrangling with the Justice Department.

There was no evidence of illegal influence-peddling on Billy's part—or of anything approaching a Watergate-style cover-up within his brother's Administration. But the case of the President's brother raised disturbing questions nonetheless about Jimmy Carter himself, his wife, his staff and his Attorney General. Did some of them—perhaps out of nothing worse than bad judgment—act to enhance Billy's credibility with the Libyans? Was Billy warned about a break in the Justice Department investigation—and did he then receive favored treatment? White House efforts to cope with such questions quickly developed contradictions. After repeated assurances that he had never broached Billy's case to brother Jimmy, for example, Attorney General Benjamin Civiletti conceded last week that he had discussed it briefly with the President—suggesting informally that the younger Carter could avoid Federal prosecution if he started cooperating with the government. Civiletti himself immediately came under investigation by the Justice Department's own Office of Professional Responsibility.

**Blood Ties:** Was it proper for the White House to work through Billy? He was hardly the Administration's only possible contact with Houderi; David Newsom, the Under Secretary of State for Political Affairs and a former ambassador to Libya, knew the envoy quite well. But White House insiders said Brzezinski was mindful of the importance Arabs attach to a ruler's blood ties—and that he preferred to steer clear of the State Department's normal, and in this case chilly, diplomatic channels to make it easier for Kaddafi to respond. "Relations were cool and we were leaving no stone unturned," Powell said last week.

Kaddafi did respond, personally urging Ayatollah Ruhollah Khomeini to release the hostages. The message was in vain, however, and on Dec. 2 violent anti-American sentiment erupted inside Libya itself as a mob sacked and burned the U.S. Embassy in Tripoli with little government interference. Four days later, the President summoned Houderi to the White House "to give him a piece of his mind," as an aide put it, about the destruction of the embassy. Billy had nothing to do with this meeting, but the fact that the President softened his protest by first thanking the Libyans for their efforts on behalf of the hostages may well have enhanced the First Brother's prestige in their eyes.

In January, Randy Coleman appeared at the Libyan Peoples Bureau in Washington to pick up a \$20,000 check for Billy. Billy later claimed it was the first installment of a \$500,000 loan from the Libyan Government. Whatever the check represented, Billy did not mention it when Joel Lisker, chief of the Justice Department's Foreign Agents Registration Unit, interviewed him on Jan. 16. For just over a year—ever since Billy announced the formation of a Libyan-Arab-Georgia Friendship Association—Lisker's unit had been requesting information from him in order to determine whether he should be asked to register as a foreign agent. Billy ignored official letters on the subject and in person denied acting as an agent for the Libyans, and Lisker had no evidence to prove otherwise. In March, however, Brzezinski received an intelligence report connecting Billy with Charter Crude. Brzezinski later telephoned Billy with a friendly warning not to "embarrass" the White House. Billy didn't take the advice kindly. "Essentially, he told Brzezinski to butt out," an aide said last week.

**The Break:** The next month, Billy got the second installment of his no-records "loan" from the Libyans—a check for \$200,000. By this time, the Justice Department was beginning to get what Civiletti later called "intimations" that the President's brother was receiving large sums of money from Libya. But it still lacked hard evidence, and its investigation dragged on inconclusively. By the end of May, the Attorney General was fuming. "It has clearly taken longer than I think appropriate," he complained at a May 29 press conference. The very next day, however, Justice investigators got the break they had been hoping for—hard intelligence, apparently from overseas sources, that confirmed their suspicions about Billy.

At that point, Justice Department attorneys began planning legal action. They eventually decided against starting a grand jury investigation that might last up to eighteen months and require Justice to keep secret everything it knew about Billy's activities. "That would have accomplished the ultimate irony," said Assistant Attorney General Philip Heymann, "the ultimate cover-up." In bringing criminal charges, Justice also would have had to prove "beyond a reasonable doubt" that Billy had willfully violated the law. The fact that he didn't conceal most of his work for the Libyans—and that he had consistently maintained he was acting out of friendship—made it unlikely that they could win such a case, officials at Justice insisted. That left them with the alternative of a civil suit—which required nothing more than a "preponderance of evidence" and would permit the immediate disclosure of what Billy had been up to.

Twelve days after the Justice Department learned about the Libyan "loan," Billy unexpectedly arranged a meeting with Lisker to discuss the status of his case. In that June 11 session, the President's brother at first volunteered no information—but when investigators told him they knew about the \$220,000, he admitted receiving it. He insisted it was a loan, but conceded there were no records to back up the assertion.

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